

HJ 97/SJ 97

A Blueprint for Growth of the Virginia Aviation & Aerospace Industry

JCOTS Update

September 29, 2016

Virginia Academy of Science, Engineering, & Medicine

- VASEM has assembled an Aerospace Committee to assist JCOTS
- Chair: Dr. Tom Young, retired, Lockheed Martin
- Focus: Aerospace (including unmanned systems)
- Two, two-day meetings to date; third scheduled for early October

Identify Strategies to Grow Denbigh High School Aviation Academy

- A magnet school in Newport News. Four-year program focuses on aviation maintenance, aviation management, or technology
- Work-to-date:
 - Met with Director of Newport News Airport – a partner with Denbigh
 - Coordination with researchers at Virginia Tech Office of Economic Development – currently engaged in aviation workforce development study that includes a review of Denbigh
- More work needed to develop strategy for Denbigh to evolve into Virginia Aviation Academy

Identify Federally Funded R&D Activities

- Encapsulated in work of VASEM Aerospace Committee
- Need to reach out to individual research institutions in the Commonwealth to develop a catalog of activities
- Delegate Yancey has had conversations with NASA Langley to talk about collaborative opportunities

Practices & Efforts in Other States to Grow Aerospace Industry

- Encapsulated in work of VASEM Aerospace Committee
- MITRE Corporation has been leader in this effort for the study
- Matrix approach to narrow down to two key states to review:
 - Florida (aerospace)
 - South Dakota (UAS)
- Case studies from other states regarding particular economic development success stories
 - Also looking at case study regarding entrepreneurial start up – an important segment of the aerospace industry

Taxation on Aviation Parts & Labor

- 5.3% Retail Sales & Use Tax applied to aviation parts; labor is already exempt
- Surrounding states exempt parts – a growing trend around the county
- Work group of interested parties has been assembled to discuss, study the issue
- Aircraft Owners & Pilots Association is assisting the Virginia Aviation Business Association with a questionnaire that will be sent out to further research the issue
- Preliminary fiscal impact: ~ \$17 million: additional work needed to dive deeper into potential fiscal impact

Maintenance & Rehab of Aerospace Equipment

- Closely related to discussion of sales & use tax issues
- Exploring potential opportunities, trends in the industry
- Work force development/work force readiness is a key issue
- Participating in Regional Airport Roundtable meetings next week, coordinated by the Department of Aviation and the Virginia Aviation Business Association

Economic Development Issues

- Study directs JCOTS to request that VEDP to submit report with aerospace strategies
- Recent reorganization efforts at VEDP has impacted work
- Economic Development is also a major issue for VASEM study
 - Need for person(s) whose job is to “wake up thinking about aerospace”
 - Need to be nimble, responsive to opportunities
 - Marketing
 - New model needed for economic development success

Study Issues/Discussion Points

- How to reconcile three related, but different, industries: aerospace, aviation, unmanned systems?
- How to tie together very broad issues:
 - High school/STEM education efforts
 - How to get more companies to launch things to outer space from Wallops
 - Everything in between
- Economic Development issues: in light of reorganization, is the timing ripe to delve into potential legislative changes related to VEDP/Aerospace?
- Who “owns” aerospace in Virginia? Currently has ties to three Secretariats
- Issues to carryover to 2017 Interim for a “deeper dive”?
- What if study uncovers more “systemic” problems not unique to aerospace?